



A Framework for Selecting New TLDs

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Your corporate domain names send implicit messages (signals) through their extensions (TLDs) and their second-level words. Shape your domain names so to send the right messages and to avoid sending unintentionally confusing messages. The essay focuses on a framework to help bidders determine which TLDs send messages that are potentially profit generating.

The Internet Corporation for Assigned Names and Numbers (ICANN) has [recently approved](#) relaxing the rules for the introduction of new top-level domains (TLDs). Soon TLDs such as “.car,” “.cars,” “.green,” and “.eco” will be available to any qualified body whose request is favored by the allocation system. The system being discussed is a combination of beauty contests and auctions.

Once new generic TLDs are established, companies and the public decide which second-level domain names to register under the approved extensions. The value of the signal depends on its desirability, which is driven by the demand for the associated second-level domains. The value of branded TLDs depends on the final registration restrictions adopted by ICANN.

Designations and Branding

The value of “.com” is determined by the branding message it transmits, which has evolved from the TLD’s original designation for commercial use. Two of the original TLDs, “.net” and “.org,” were intended to signal an Internet company and a nonprofit organization, respectively. In practice, bodies that wanted a “.com” but couldn’t get one have settled on “.net” and “.org” as second best. True, the TLDs’ original signals have not faded from the minds of Internet users: consider the indirect marketing by Microsoft’s “.Net” project and the use by the recently created BushClintonKatrinaFund of “.org” for advertising and branding even though the group also owns the “.com” extension. But “.net” is often used for name-servers¹ or as the TLD for employee email addresses; Forbes, for example, uses “.com” as its main TLD branding and “.net” for email.

There are two widely held theories as to why additional extensions such as “.biz” and “.info” are being introduced. One is that they are intended to relieve the strain placed on

¹ “.net” represents 58 percent of worldwide hosts and 30 percent of the world’s nameservers according to VeriSign’s article “There’s more to .net than meets the eye,” available at <http://www.verisign.com/stellent/groups/public/documents/presentations/022109.pdf>.

the original TLDs by the tremendous growth of the Internet, with “.biz” signaling an online business and “.info” an online information site. The other view is that they were intended to break the monopoly of “.com.”

The “.us,” although technically a country-code top-level domain (ccTLD) for the United States, has been used by U.S. companies as an alternative TLD and as a way of signaling an American business presence.

Message Types

Below I outline three kinds of primary message and one kind of secondary message. As noted earlier, a message can be sent through either the TLD and/or the second-level domain name. To decide at which level to signal, you need to be clear on what you want to signal and how your message can get across.

The three primary message types are:

1. Location. A company can send a message about the presence of its office in a specific location. For example, “.SF”² can signal San Francisco. Thus, the Italian carmaker Fiat can signal its presence in San Francisco by using “Fiat.SF”.
2. Brand positioning. Suppose that Honda wants to expand from cars into the aerospace market—it registers “Honda.aero.” Or Exxon signals expansion into green energy, or merely the birth of an environmental conscience, by using “Exxon.green.”
3. Branding. For trademark owners, the decision to register defensive TLDs depends on the final version of the ICANN-approved trademark registration regime. If registering a brand TLD adds value, i.e., an offensive registration, then it should be registered irrespective of whatever regime ICANN finally adopts for domain-name intellectual property.

A text-based URL can never look as snazzy as an elaborate graphic image or animation, but a domain name must still have a visual personality. For example, “.BMW” has less visual personality than “BMW” or “BMW.com.” Also “BMW.cars,” if “.cars” were approved, has no branding personality; thus, if the eventually adopted trademark regime restricts brand-based extension ownership to brand owners, BMW should not register the “.BMW” TLD. At the second level, capitalizing key words, as in a headline, can make a name into a memorable statement instead of a jumble of letters. Compare thisisourwebsite.com and ThisIsOurWebsite.com.

New proposed TLDs that use geographical designations can provide personality as well as information. For example, compare “SFBMW.com” and “BMW.SF.” In online games, for example, the use of the “.SF” TLD would signal the presence of a

² Thanks to Antony Van Couvering for pointing out to me that two-letter TLDs are currently restricted to county-code top-level domains (ccTLDs) and that “.aero” is already delegated to SITA and reserved for parts of the airline industry.

BMW dealership/store in San Francisco. Of course, and this is especially the case with superlatives and geography, a personality needs to be authentic if it's going to be effective.

Demand for a new TLD can be estimated using [prediction markets](#) and statistical modeling. The demand for second-level domains has to be estimated over a period beyond the initial speculative period. Perceived failures, such as the underwhelming number of registrations for the recently released TLDs (".info," ".biz," ".cat," and others), do not imply failure for future TLDs. Nevertheless, there can be valuable lessons to learn from the failures. For example GM's decision to scrap the production of electric cars gave Toyota Prius a lifeline. Also, Apple's failure with Newton did not mean the death of PDAs or keep Apple from pursuing what turned out to be the phenomenal success of the iPhone. One potential reason for the limited success of certain TLDs is the lack of a roadmap such as a signaling framework. A second is the lack of rigor in estimating demand for individual TLDs.

Concluding Remarks

When considering registering a TLD, you need to analyze the implied message and personality.

Failure of previous TLDs does not imply the failure of new ones. Nevertheless, demand should be estimated using scientific methods such as prediction markets and statistical techniques.

Related References

- [Roles of Corporate Domain Names](#)
- [Branding Strategy: The TLD Dimension](#)
- [Carlton and Kende's Narrow Understanding of Corporate Domain Registrations](#)

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